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C O N F I D E N T I A L SECTION 01 OF 03 TAIPEI 002285

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SUBJECT: VICE PRESIDENTIAL CANDIDATE SU TSENG-CHANG ON DPP
POLITICS AND U.S.-TAIWAN RELATIONS

Classified By: AIT Director Stephen M. Young,
Reasons: 1.4 (b/d)

¶1. (C) Summary: In a meeting with DPP vice presidential candidate Su Tseng-chang on October 3, the Director stressed the importance for President Chen and the DPP to avoid further "surprises" beyond the UN referendum between now and next May, when President Chen steps down. Su said Chen selected the UN referendum as a campaign mobilization tool because of the strength of public support in Taiwan for joining the UN. Because Chen already has the campaign tool he wants, he will not promote any more controversial initiatives that could cost rather than add votes, Su argued.

Su suggested the recent controversy within the DPP over the "Normal Country" Resolution, though bad for the campaign, had helped educate party members about the responsibilities of a ruling party. Su, a lawyer, maintained that passage of the UN referendum would have almost no effect on what the government does because it has already carried out the initiative called for in the referendum. If the referendum passes, he added, the President would be able to say that the application to join the UN under the name "Taiwan" enjoyed public support the next time Taiwan applies. End Summary.

¶2. (C) Comment: Su appeared relaxed and upbeat in this meeting, and seemed quite open in speaking his mind. A strong campaigner, Su will help the DPP ticket, including in northern Taiwan, where he was highly popular as magistrate of Blue-majority Taipei County (1997-2004), Taiwan's most populous district. More broadly, Su is also popular with moderate swing voters island-wide because of his pragmatic, non-ideological approach to policy, his strong work ethic, and his focus on getting things done, all qualities he manifested when he served as Premier from January 2006 - May 2007. He seemed at pains to counter widespread speculation that he could not work well with Frank Hsieh after having been bested in the DPP primary. End Comment.

¶3. (C) The Director met with DPP vice presidential candidate Su Tseng-chang at Su's campaign office on October 3 to discuss DPP politics. The Director asked about party unity, noting the challenge launched by outgoing DPP Chairman Yu Shyi-kun and the Deep Green over the "Normal Country" Resolution (NCR) at the recent party congress. The minority will respect the majority after the vote on the NCR, Su

predicted. He pointed to his own example: he had lost a contentious presidential primary battle to Frank Hsieh, but was now back as Hsieh's running mate.

14. (C) Yu had his own motives for trying to reverse the decision of the DPP Central Executive Committee (CEC) which he chaired, Su suggested. During the high-level meeting on the NCR at the Presidential Office, which Su attended, Yu had agreed to the compromise consensus language, which he had even read out loud at the meeting. Yu was the one who presented the consensus NCR to the CEC, which approved it, but then he changed his mind at midnight. Su believed Yu had two reasons for his sudden reversal: he wanted to resign on principle over the NCR to avoid having to resign over his corruption indictment, and he wanted to go his own way.

15. (C) The efforts by President Chen and the party to persuade Yu to stay on were not serious but intended merely to save face for Yu, Su suggested. On filling the party chairmanship vacancy, Su said the party would have to see whether President Chen wants to resume the position. This would be the smoothest arrangement, and Chen is the only leader who can control the party. Even if the DPP does poorly in the Legislative Yuan (LY) elections next January, Su explained, Chen would not need to take responsibility and step down because the party charter stipulates that a sitting president is the natural party chairman.

16. (C) Chen has stated publicly that the DPP's goal for the LY elections is 50 seats, Su continued, and even 47 seats would be all right. If the DPP wins the presidency for a third consecutive term, it should easily be able to gain support from 7-8 non-DPP legislators and form a working majority in the LY, which will have 113 seats under the new

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format. Taiwan society will not tolerate continued obstructionism by the KMT if the DPP wins the presidency a third straight time, Su predicted. Unlike a DPP win, however, a KMT presidential victory would produce instability, Su argued, because of DPP opposition, Ma's character (he does not like to deal with problems), and the contending forces within the KMT.

17. (C) While the DPP trails the KMT in presidential polling, Su observed, the gap is within acceptable limits and much less than the margin Chen Shui-bian faced when he began his re-election bid in 2003. There are several reasons why polls in Taiwan undercount the DPP vote. The Taiwanese are cautious and sometimes unwilling to express their views to poll takers, because of the psychological aftereffects of long-term political oppression. In addition, the DPP relies on supporters' enthusiasm at the end of the campaign to win elections. Overseas Taiwanese from the U.S. play an especially important role when they decide to come back at election time. They are highly enthusiastic and have a big influence on their relatives and friends in Taiwan, Su added.

18. (C) Taiwan business people in the mainland are another key factor, Su said. While they want to focus on business and avoid cross-Straits problems, they also hope Taiwan will be strong, so they will have a place to return to if they encounter difficulties. The Chinese do not want the DPP to continue in power and will try to increase the influence of those Taiwan business people who support the KMT. They will also use policies such as buying Taiwan agricultural products or giving benefits to Taiwan business people in their efforts to influence Taiwan politics. While Beijing tries to avoid counterproductive criticisms of Taiwan, they cannot always control themselves. Thus, they reveal their true colors from time to time. For example, Chinese Ambassador Wang Guangya angered the Taiwanese people with his recent assertion at the UNGA that of all the world's countries, China is the most concerned about Taiwan. KMT candidate Ma Ying-jeou has a similar problem, Su contended, as he undermines his efforts

to appeal to the Taiwanese by referring to "China Taipei."

¶9. (C) The Director emphasized that the U.S. highly respects Taiwan's democracy and will remain neutral toward the Taiwan election. At the same time, the U.S., which is concerned about increasing Chinese military capabilities, does not want Taiwan to carelessly cause problems. The U.S. has expressed its opinion about the UN referendum and we hope the DPP will consider our views. Both Taiwan and the U.S. will be electing new presidents, the Director pointed out, and our two sides will want to enter the new period with good relations.

¶10. (C) Asked about the effects of U.S. criticism of President Chen, Su said the Taiwanese pay close attention to what the U.S. says and are gradually learning how far they can go. Vice Premier Chiou I-jen spoke to the party congress on September 30, saying the DPP as the ruling party had to do what was practical and refrain from promising things that it could not deliver. While the DPP stressed ideals like establishing a "Republic of Taiwan" when it was in opposition, Su said, the party is gradually becoming more practical and responsible after seven years in power. In the past, the KMT promoted Chinese identity, but now Taiwan identity is increasing. Beijing asserts that China is the PRC, and they want Taiwan to be part of the PRC, but the Taiwanese cannot accept this.

¶11. (C) While the debate and vote over the NCR at the party congress was bad for the campaign and angered Hsieh, Su observed, it was good for educating party members about the responsibilities of a ruling party and the need to pay attention to the international and cross-Straits situations. As a result of intensive lobbying, most of those who originally supported Yu's version, including legislators, withdrew their endorsements. The DPP dealt responsibly with the NCR, Su argued, and therefore the U.S. now should carefully consider what it might say if the purpose is to encourage DPP responsibility.

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¶12. (C) The Director and DDIR stressed U.S. concern that President Chen might produce further "surprises" beyond the UN referendum before he leaves office next May. Su responded that he and Hsieh have discussed this directly with Chen, and promised that there will be no other surprises. Similar to the defensive referenda in 2004, Chen has selected the UN referendum as a campaign initiative for this election, because joining the UN enjoys strong public support. To keep the issue hot, the DPP will hold a round-the-island torch relay on October 24 and then a hand-in-hand rally next February 28.

¶13. (C) The DPP has already won on the UN referendum issue, Su argued, because Ma and the KMT have had to follow the DPP lead with their own version of a UN referendum. For Chen, the UN referendum is an election mobilization tool. He will not add another, more controversial initiative because that would be unnecessary and would hurt the election campaign. Chen's goal is to fight for Hsieh's election victory on an advantageous battlefield, Su observed.

¶14. (C) The Director questioned the wisdom of holding a UN referendum that is difficult to pass because of the high threshold. He also asked what the implications would be for the government if the UN referendum does pass. Su, a lawyer, responded that it would be hard for the government to do anything because this is an international, not a domestic matter. In addition, Chen has already applied to join the UN in the name of "Taiwan." If the referendum passes, the only difference would be that Chen (or his successor) could say he has the support of public opinion to apply to join the UN under the name "Taiwan."

¶15. (C) Chinese objections to the referendum are not based

on legal but political grounds, Su argued, suggesting that the PRC goal is to intimidate Taiwan's democracy. For Beijing to strongly attack this referendum is illogical, Su maintained, because the referendum is only about doing something that President Chen has already done. If the referendum were about declaring independence or changing the national title, Beijing's objections would be more reasonable. In addition to intimidating Taiwan, China also hopes to "confuse" the international community, Su suggested.

¶16. (C) According to Su, media theories that an activist President Chen is marginalizing DPP candidate Hsieh are wrong. The DPP is a team, Su explained, and Chen is the "offense," whose role is to attack Ma Ying-jeou and the KMT. In contrast to "bad cop" Chen, Hsieh plays the "good cop," Su added. Chen and Hsieh, whose relationship goes back many years, are a good team and share the same interest in Hsieh's victory. Taiwan is small, and the people already have a good understanding of both Chen and Hsieh. Voters know that Hsieh has his own opinions and will be different than Chen, and also that Hsieh will not allow Chen to control the situation from behind the scenes after he steps down next May. Furthermore, people will vote for Hsieh because they do not want the KMT to win and not because of how they view Chen.

YOUNG